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CCO 4860.1D  
45A  
27 Jan 91

COMBAT CENTER ORDER 4860.1D

From: Commanding General  
To: Distribution List

Subj: Operation of Commercial Activities (CA)

Ref: (a) OMB Circular A-76 (NOTAL)  
(b) MCO 4860.3D

Encl: (1) Definitions Applicable to CA Functions

1. Purpose. To implement Marine Corps policies and to delineate Combat Center responsibilities and policies concerning the operation of Commercial Activities per the references.

2. Cancellation. CCO 4860.1C.

3. Background

a. Reference (a) states that the long standing policy of the U.S. Government is to rely on the private enterprise system for the products and services it needs to the maximum extent consistent with effective and efficient accomplishment of department and agency programs. This policy is not inflexible; it does give recognition to those circumstances when it is in the national interest for government departments and agencies to provide the products and services they require from in-house operations.

b. The Office of Management and Budget (OMB) in reference (a), proposed that definite benefits will accrue through the use of private enterprise in those functional areas where a compelling reason for in-house operations does not exist. Further, reliance on commercial sources can relieve managers of routine operating responsibilities and it may be in the government's interest to avoid expenditures for capital facilities or equipment with the unnecessary risk of losses caused by obsolescence or unanticipated changes in program requirements. Finally, maximum reliance upon private enterprise also benefits federal, state, and local governments by providing additional tax revenue.

c. Reference (b) is the Headquarters Marine Corps directive that has been developed to support the Government's policy. It is structured to provide the Government with an inventory of commercial-industrial functions and contract support services, annual review to verify the justification for those activities performed in-house, and comparative cost analyses as directed by Headquarters Marine Corps.

4. Policy

a. A primary task of the Combat Center is to provide administrative and logistical support to the Marine Corps Air Ground Combat Training Program (MCAGCTP) for combined arms training of FMF units, both active and reserve. Additional tasks are to administer, manage and conduct the functioning of the Marine Corps Air Ground Combat Center. Consequently, the Commercial Activity Program must be judiciously

applied to the provision of products and services when such products and services may be destined to support the combined arms training program and the Combat Center.

b. The command is fully aware that results from implementation of the CA Program may have a great impact on the Civil Service worker. An effectively structured, fair and competitive development of cost analysis prior to the bid process, will ensure equitable treatment of all employees.

## 5. Discussion

a. It is believed that Civil Service employees can provide the most productive, responsive, and economical workforce. To this end, personnel conducting the CA program have been directed to accomplish every requirement within the Federal directives and guidelines to ensure the Civil Service functions are fully addressed for the in-house bid. It is understood that workers, civilian and military throughout the Federal Government, are challenged to manage better, work smarter and produce more. To be competitive, staffing must be based on necessary workloads. If there are unnecessary positions in our organization, there will be less chance of winning the contract in-house. If positions are aligned to effect the best possible organization and the performance of work statements are complete and accurate, there is a greater chance of keeping the services in-house.

b. Each function throughout the Combat Center must operate efficiently and effectively. In some cases this may mean reorganizing and changing traditional methods of performing tasks. Employees are urged to look at their jobs, review and question outdated and ineffective policies and regulations, and openly make recommendations/suggestions for operating more effectively and efficiently. Such recommendations/suggestions may meet the Reinvention Laboratory or Beneficial Suggestion criteria in which case the employee is urged to submit them and reap any accruing rewards. Those recommendations/suggestions which do not meet this criteria should be submitted directly to the TQL Office for consideration in the CA study. In order to be competitive with a potential contractor, the function must be organized into the most efficient organization possible. Suggested work methods that could be streamlined are work forms, scheduling techniques, and worker accountability for time spent on the job. The importance of good feedback from employees and supervisors cannot be overly emphasized. It will be the expert input from both of these sources that will make a strong performance work statement and a most efficient and effective organization.

6. Definitions. Definitions applicable to CA functions are contained in enclosure (1).

## 7. Responsibilities

a. The Commanding General is the sole approval authority for decisions resulting from cost comparison analysis conducted in accordance with reference (a). This authority may not be delegated.

b. The Command Total Quality Leadership (TQL) Coordinator, TQL Office, is responsible for overall execution and management of the CA program.

c. The Command TQL Coordinator as the Combat Center's CA Program Manager is responsible for the management and supervision of ongoing operations in accordance with reference (b)

## 8. Action

a. Chief of Staff, MCAGCC. Will approve all announcements, reports or other official information relating to the CA program prior to its dissemination.

b. CA Program Manager

(1) Will manage, direct and supervise the ongoing operations of the CA program to include a systematic and continuing review of commercial or industrial programs.

(2) Will chair any task force established to review all current or proposed CA programs.

(3) Will direct and supervise the collection and preparing of necessary information for all reports, announcements or other official information on CA matters.

c. Accounting Officer, Comptroller Directorate. Will participate in the comparative cost studies by assisting in developing data as required.

d. Functional or Operational Manager. Will prepare and submit required information for specific sections/functions under their cognizance on an as required basis to the CA Program Manager. This is the most vital information of the entire CA process. The information provided is the basis for an accurate and complete Performance Work Statement (PWS), Quality Assurance Plan (QAP), Acceptable Quality Level (AQL), and the Most Efficient and Effective Organization (MEO). No one knows the function as well as the manager and the involved personnel. They will be required to provide this basic information to whomever prepares the study.

e. Directors/Division Heads. Will furnish the technical and expert personnel required to conduct inventories, reviews, cost comparison studies, determine personnel requirements and ensure appropriate grade levels to meet CMC directed CA submission.

J. A. KEENAN  
Chief of Staff

DISTRIBUTION: A-1

DEFINITIONS APPLICABLE TO CA FUNCTIONS

1. Commercial Activity (CA) . A commercial activity is one which is operated by a Federal executive agency and which provides a product or service which could be obtained from a commercial source. A commercial activity is not a Governmental function. A representative list of such activities is provided in Attachment A of OMB Circular A-76. A commercial activity also may be part of an organization or a type of work that is separable from other functions or activities and is suitable for performance by contract.
2. In-House Performance. The performance of a CA by Marines or Federal civilian personnel.
3. Office of Management and Budget Circular A-76 (OMB A-76). Executive Branch directive establishing the policies and procedures to be used to determine whether needed commercial type work will be accomplished by a contractor or with in-house personnel.
4. Inventory of a Commercial Activity (CA). An annual requirement for submission of an inventory of personnel to HQMC by 15 November each year.
5. Review of a Commercial Activity (CA) . The examination of a CA or a service contract to determine whether the present method of performance should be continued or whether the function should be scheduled for a cost comparison and a possible change in method of performance. All CA functions are subject to a review scheduled in a 5 year period.
6. Cost Comparison (or Cost Comparison Analysis). The process of developing an estimate of the cost of Government performance of a CA and comparing it, in accordance with the requirements of OMB A-76. An accurate determination of whether it is more economical to acquire the needed products or services from a commercial source or from an existing or proposed in-house CA. Cost Comparison studies are directed by HQMC or the Commanding General, MCAGCC.
7. Performance of Work Statement (PWS) . A comprehensive description of what is to be done, including performance standards. The PWS should describe all duties, tasks, responsibilities and frequency of performance.
8. Most Efficient Organization (MEO) Management studies and manpower surveys are conducted to certify the most efficient and cost effective organization for in-house performance. The in-house cost calculation will be based on the MEO for in-house performance of the work described in the PWS.
9. A Conversion to Contract. The changeover of an activity from Government performance to performance under contract by a commercial source.
10. A Conversion to In-house. The changeover of an activity from performance under contract to Government performance.

ENCLOSURE (1)